

Inspection & Acceptance

Inspection & Acceptance

- When the Government buys supplies, we need to ensure they meet the required quality level and meet any specifications that dictate their form, fit, and function.
- In the DoD, we primarily rely on Quality Assurance Representatives (QARs) employed by the Defense Contract Management Agency (DCMA) to inspect and accept the supplies we buy.

Inspection & Acceptance

- The contractor is expected to only deliver supplies to us that meet all contractual requirements. Contractors must maintain an inspection system acceptable to the Government.
- The Inspection of Supplies clause provides the Government with the available remedies in case the contractor fails to deliver supplies that meet contractual requirements.
- The Inspection of Supplies clause also establishes the Government's right to judge a contractor's quality and inspection systems.

Inspection & Acceptance

- If we perform inspection on the contractor's or a subcontractor's premises, they must provide all reasonable facilities and assistance at no increase in the contract price.
- If we perform inspection at other than the contractor's premises, then the Government is liable for all costs of performing inspections.

Inspection & Acceptance

- The Government has the right to either reject or to require correction of nonconforming supplies. Supplies are nonconforming when they are defective in material or workmanship or are otherwise not in conformity with contract requirements.
- The Contracting Officer may decide to accept the nonconforming supplies, and make an equitable price reduction.
- Or, the Contracting Officer can decide to terminate the contract for default.
(Drastic action)

Inspection & Acceptance

- When DoD QARs accept the supplies the contractor delivers, we formally take title to the supplies via a DD Form 250, the Material Inspection and Receiving Report, commonly called just the DD 250.
- After the contractor receives the signed DD 250 he can then bill the Government.

Inspection & Acceptance

- We spend more money on contractor services than we do on major weapons systems.
- We have the Inspection of Services clause in our Services contracts. That clause establishes the remedies available to the Government if the services provided fail to meet contractual requirements.
- The Inspection of Services clause requires contractors to maintain an inspection system acceptable to the Government.

Inspection & Acceptance

- If a contractor fails to provide services that meet contract requirements, we have the right to make them re-perform the services, or we have the right to reduce the contract price to reflect the reduced value of nonconforming services. Due to the nature of services, sometimes it is not possible to require re-performance. e.g. If the contractor failed to provide adequate food service during lunchtime today, they cannot go back and repeat today's lunchtime.
- Contractors are responsible for management and quality control actions to ensure the services meet contractual requirements, not the Government.
- Our role is to perform quality assurance to ensure services meet contract requirements.

Inspection & Acceptance

- When the Air Force buys services, we should have a Quality Assurance Surveillance Plan (QASP) that establishes how and what we will do to perform QA.
- Our QA practices should be similar to what industry does for commercial services.
- Every Air Force contract for services must have some form of surveillance.

Inspection & Acceptance

- For Air Force service contracts, we usually have Quality Assurance Evaluators, QAEs, who perform a wide range of activities to ensure our contractors provide services that meet contract requirements.
- Unlike supplies where we rely on DCMA QARs, QAEs are usually Air Force employees.
- QAEs certify contractor invoices. We don't use a DD 250 for services because there is nothing to take title to. The QAE certification is what the contractor needs in order to bill the Government.

Inspection & Acceptance

- There is an Inspection of Construction clause that we include in our construction contracts.
- Contractors must maintain adequate inspection systems and perform inspections of their work to ensure it meets contractual requirements.
- Contractors must also maintain complete inspection records and make them available to the Government.

Inspection & Acceptance

- Government inspections of construction are performed solely for the Government's benefit. They do not:
- Relieve the contractor of responsibility for providing adequate QA measures;
- Relieve the contractor of responsibility for damage to or loss of material before acceptance;
- Constitute or imply acceptance; or
- Affect the continuing rights of the Government after acceptance of the completed work.

Inspection & Acceptance

- The contractor must, without charging us, replace or correct work found by the Government to not conform to contract requirements, unless in the public interest the Government consents to accept the work with an appropriate adjustment in contract price.
- If the contractor does not promptly replace or correct the work, the Government may by another contract or otherwise replace or correct the work and charge the contractor, or terminate the contract for default.

Inspection & Acceptance

- The Government frequently performs inspections during construction, because defective work may not be detectable once the construction is completed.
- The Government does not use a DD 250 for construction. The Government inspector notes on their inspection form that it was a final inspection and no rework is needed. That enables the contractor to bill the Government.

Inspection & Acceptance

- Once we accept an item, acceptance is final, unless we can prove that the item has a latent defect that was not observable or detectable at the time we performed inspection and acceptance.
- A latent defect is a defect in the contract work that is not discoverable by the Government by the use of reasonable inspection methods.

Inspection & Acceptance

- Before you incorporate a requirement for inspection at source, be aware that limitations exist for having source inspection.
- We cannot have source inspection for contracts under \$250,000.
- Exceptions to that rule are limited, such as flight safety critical items.

Source Inspection Under \$250,000 Exceptions

- Mandated by DoD regulation;
- Required by a memorandum of agreement;
- The Contracting officer determines that contract technical requirements are significant, or the product being acquired has critical characteristics, such as being a safety of flight issue.

Quality Requirements

- The older contracts you will be working on may have the old higher level quality requirements in them. We used to rely on Military Specification MIL-Q-9858A or other “MIL-Spec” higher level quality requirements.
- In today’s environment, we are relying on higher level quality requirements from the commercial world, such as ANSI/ANQC/Q9001 or ISO 9000.

Quality Requirements

- Quality Assurance and contract quality requirements are located in FAR Part 46.
- Part 46 also discusses Government contract QA.

Warranties

- Back in the 1980s, Congress mandated that DoD obtain weapons systems warranties.
- Not having a warranty for a major weapons system required high level management approval.
- Warranties are expensive.
- DoD frequently paid a lot of money for warranties that were never used.
- Now, the DFARS states that if you want anything other than a standard commercial type warranty, you have to obtain approval from the Chief of the Contracting Office.